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Control No. 463920
22 August 1957

MEMORANDUM FOR: Executive Secretary, EIC

SUBJECT: Annual Report, FY57, of the EIC Subcommittee
on International Trade and Finance

REFERENCE: EIC-D-235, 11 June 1957

1. The EIC Subcommittee on International Trade and Finance did not meet during Fiscal Year 1957. This lack of activity was at least in part due to the lack of a chairman. The chairman, Mr. Alfred Reifman, left OIR and his replacement has not yet been designated by the Department of State.

2. As was pointed out in a memorandum from the Subcommittee secretary to the Subcommittee members (TFEC-D-1, 8 April 1957) the EIC Subcommittee on International Trade and Finance provides an inter-agency mechanism in a field where US Government programs are particularly complex, encompassing in addition to normal coordination activities, special committees and working groups on strategic trade, Soviet economic penetration, and Communist China's foreign trade. It is, therefore, of special importance that the Subcommittee, as the only inter-agency coordinating group with overall responsibility in the field, review these activities.

3. On 4 June 1957 the Economic Intelligence Committee reviewed the activities of the Subcommittee on International Trade and Finance (EIC-M-60, 12 June 1957) and agreed that the Subcommittee should generally continue along the lines indicated in the Subcommittee Secretary's memorandum of 8 April 1957 cited above. In addition to general review mentioned in paragraph 2 above, the 8 April memorandum included the following suggested activities:


a. A general review of the state of intelligence production and research within the field including an exchange of ideas on research and collection projects designed to overcome gaps in current research programs.

b. A review and comment on draft reports of member agencies.

c. A review of proposals for external research in accordance of DCID 15/1

4. As quickly as the new chairman is officially designated by the Department of State, the Subcommittee plans to meet and discuss methods for best discharging the above responsibilities.

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Secretary
Subcommittee on International
Trade and Finance

REVIEW OF ACTIVITIES OF THE SUBCOMMITTEE ON INTERNATIONAL TRADE AND FINANCE

5. Discussion

The Executive Secretary of this SC commented briefly on its work. A suggested program of SC activities had been submitted to the SC in April by its Executive Secretary, but no SC meeting has yet been scheduled to consider this program, pending formal designation of a new State Department member who is expected to become the SC Chairman. The State Department representative indicated that this representative should enter on duty next month. He felt that many trade problems were currently important—for example, the China trade

M-60
4 June 57

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problem being covered in the current EIC-R1-S6 working group—and over-all review of the community's activities on these separate problems would be most appropriate. In the discussion following, there was general agreement of need for the SC's continuation, but that its potential had not been fully realized.

6. Action

The EIC agreed that the Subcommittee on International Trade and Finance should generally continue along the lines indicated in the SC Executive Secretary's memorandum of 8 April 1957 (TFSC-D-1).

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ECONOMIC INTELLIGENCE COMMITTEE

EIC-D-217
22 May 1957

MEMORANDUM FOR: EIC Representatives of the IAC Agencies,
the Departments of Commerce and Treasury,
the Federal Reserve Board, the International
Cooperation Administration, and the Office
of the Secretary of Defense

SUBJECT: Review of EIC Subcommittees

REFERENCES: EIC-D-201, "Proposed Procedure for Reviewing EIC
Subcommittee Activities";
Item 4, EIC-M-59, "Consideration of Subcommittee
on Electronics and Telecommunications"

The review of EIC Subcommittees will be continued at the EIC
meeting scheduled for 4 June 1957, with review of the Subcommittees
on International Trade and Finance, and on General Economic Analysis.
The Principal Staff Economist has prepared briefings on these sub-
committees which are attached for your information.

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Executive Secretary

Attachments
SC Briefs (2)

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EIC/S BRIEF ON SUBCOMMITTEE ON INTERNATIONAL TRADE AND FINANCE

REFERENCES: General Concept and Functions of EIC Subcommittees,
EIC-D-123/2, 20 December 1955
SC Terms of Reference, 5 March 1952
SC Annual Report for FY 1955, see EIC-D-116,
14 September 1955
SC Annual Report for FY 1956, see EIC-D-187,
19 October 1956

1. This has been a relatively inactive subcommittee. It held only one meeting during FY 1956, and has held no meetings thus far during FY 1957. The subcommittee was fairly active in FY 1955 when it produced EIC-R-11, "The Balance of Payments of the Soviet Bloc and Communist China with the Free World, 1948-53," and EIC-SR-3, "Institutions and Arrangements in International Trade and Finance within the Soviet Bloc." The subcommittee has initiated action on review of research deficiencies; examination of research techniques; agreement of basic statistics; and review of reports, contributions, etc. It has not yet, however, completed action on these undertakings.

2. The subcommittee was weakened in its functioning because of the non-availability for a long period of time of the State Department member (and SC Chairman).

3. In the past the Annual Reports of this SC have indicated that its relative inactivity was largely the result of the fact that it had no important or interesting assignments to perform. There is unquestionably some foundation for this contention. At present three important areas within the general field of this SC are handled by other groups in the EIC community. These are:

a. Sino-Soviet Bloc economic activities in underdeveloped areas, including, of course, trade and financial arrangements. This is handled by the EIC Working Group on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas.

b. Communist China's trade, which has been covered by the EIC-R-1 working groups.

c. Strategic trade and trade controls, which are handled by the EDAC/EDIC structure.

4. It would seem neither feasible nor advisable to shift the functions indicated above from the groups now handling them to the Subcommittee. The minimum functions for EIC Subcommittees listed

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Subcommittee on International Trade and Finance

in EIC-D-123/2 could, however, be usefully undertaken by the SC, particularly the review and evaluation of the state of intelligence in its field, the identification of priority deficiencies, and the recommendation of remedial actions.

5. The completion of its survey of priority research deficiencies--including coverage of the specific areas within the purview of the three groups indicated in paragraph 3 above--might well reveal priority deficiencies which ought to be filled, notwithstanding the heavy burden on the available research facilities in this field. Possibilities are: the sterling resources of the USSR and of Communist China; trends in and significance of Bloc trade with the entire Free World; the economic impact on and costs to the Bloc of trade controls; an up-dating of EIC-R-11, and of EIC-SR-3; etc.

6. This SC sometimes ran into difficulties because of the fact that some of its members, particularly those representing non-IAC agencies, did not have clearance for all sources of intelligence materials. Broader clearances would facilitate better insight into the actual state of intelligence in this field, and are essential for contributing to analysis of certain substantive problems relating to China trade, economic penetration, etc.

7. The Executive Secretary of this SC has prepared a memorandum to the SC members (attached) outlining "Projected Activities for the Remainder of Fiscal Year 1957." This memorandum appears to set the sights for SC action at about the appropriate level, and if the proposals are carried out would comply with the directive of EIC-D-123/2 regarding minimum functions for EIC Subcommittees.

Attachment:

Memorandum indicated in
paragraph 7 above.

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